

Message Text

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PAGE 01 STATE 247189

64

ORIGIN COME-00

INFO OCT-01 CIAE-00 DODE-00 EB-07 NRC-05 NSAE-00 TRSE-00

EUR-12 ERDA-05 ISO-00 EA-07 ACDA-05 /042 R

DRAFTED BY COM/OEA/RHMEYER:JAM

APPROVED BY EB/ITP/EWT/RWRIGHT

COM/BEWT/HHEISS

EUR/SOV/SPOLANSKY

ERDA/EPB/JKRATZ

EUR/SOV/JLCOLBERT

----- 023213

P 171841Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW PRIORITY

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EXCON

E.O. 11652: N/A

1) SUMMARY: CONTROLS ON EXPORTS OF NUMERICAL CONTROL MACHINE TOOLS ARE UNDER USG REVIEW IN CONNECTION WITH COCOM LIST REVIEW AND WITH COMMERCE (BEWT/OEA) LICENSING POLICY. SOVIET STATE OF THE ART IN THIS COMMODITY FIELD IS AN IMPORTANT CONSIDERATION IN THE REVIEW SINCE AS A MATTER OF GENERAL POLICY, LICENSING DECISIONS AND THE LEVEL OF CONTROL SHOULD TO THE EXTENT PRACTICABLE AND CONSISTENT WITH NATIONAL SECURITY REFLECT FOREIGN AVAILABILITY OF CONTROLLED ITEMS. RELIABLE INFORMATION ESSENTIAL TO A USEFUL JUDGMENT ON FOREIGN AVAILABILITY IS INADEQUATE, AND A VISIT BY USG TECHNICIANS TO VERIFY REPORTS BY US COMPANY REPRESENTATIVES OF SOVIET CAPABILITIES IN THE NC MACHINE TOOL AREA COULD ADD TO THE DATA BASE AND ELIMINATE UNCERTAINTIES.

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PAGE 02 STATE 247189

WITH THIS IN MIND, DISCUSSIONS HAVE BEEN ONGOING SINCE LAST

SUMMER BETWEEN SATRA CORPORATION AND THE POLICY DEPARTMENT OF THE MINISTRY OF FOREIGN TRADE CONCERNING A PROPOSED VISIT BY A TEAM OF USG AND INDUSTRY NUMERICAL CONTROL (NC) MACHINE TOOL EXPERTS TO THE SU FOR THE PURPOSE OF VISITING USSR NC MACHINE TOOL PRODUCTION FACILITIES TO ASSESS THEIR CAPABILITIES IN THIS AREA. SATRA HAS NOW REPORTED TO THE USG THAT SOVIETS APPEAR AGREEABLE TO THE VISIT BUT PREFER THAT A REQUEST BE MADE THROUGH OFFICIAL USG CHANNELS RATHER THAN A PRIVATE PARTY (SATRA). COMMERCE WOULD, THEREFORE, APPRECIATE EMBASSY APPROACH TO CHIEF OF POLICY DEPARTMENT, ZINOVIEV, MINISTRY OF FOREIGN TRADE, PROPOSING VISIT OF USG NC MACHINE TOOL TEAM TO VISIT FACILITIES SET FORTH BELOW AND SEEKING HIS ENDORSEMENT AND HIS ASSISTANCE IN ARRANGING VISIT.

2) BACKGROUND: IN MARCH 1975, US MACHINE TOOL COMPANY, GIDDINGS AND LEWIS (G&L), REPORTED TO USG THAT THEY HAD SEEN SOVIET-BUILT NC EQUIPMENT OF THE TYPE NOW EMBARGOED TO BLOC BY COCOM AT THE SVERDLOV WORKS IN LENINGRAD. G&L INDICATED THAT THEY THOUGHT THEY COULD ARRANGE A TRIP FOR USG PERSONNEL TO SEE FOR THEMSELVES THIS EVIDENCE OF SOVIET CAPABILITY. IN JULY 1975, TWO KEY ADVISORS IN USG ON NC MACHINE TOOL EXPORT CONTROL MATTERS TOLD G&L THEY WERE PREPARED TO GO TO USSR TO LOOK INTO WHAT G&L HAD EARLIER REPORTED. G&L CONTACTED THE SATRA CORPORATION, NYC, TO MAKE ARRANGEMENTS FOR THE TRIP. SUBSEQUENTLY, REPRESENTATIVES FROM THE US MACHINE TOOL INDUSTRY ORGANIZATION, NATIONAL MACHINE TOOL BUILDERS ASSOCIATION (NMTBA), WERE INVITED TO PARTICIPATE IN THE TRIP. CARL LONGLEY FROM THE SATRA CORPORATION FIRST APPROACHED THE RUSSIANS IN MOSCOW IN JULY 1975 REGARDING THIS TRIP. HE REPORTED THAT MALLINKOFF, DEPUTY OF POLICY DEPARTMENT, MINISTRY OF FOREIGN TRADE, WAS RECEPTIVE TO THE IDEA BUT WAS NOT SURE HOW THE TRIP SHOULD BE ARRANGED FROM PROCEDURAL STANDPOINT; I.E., UNDER FORMAL EXCHANGE ARRANGEMENTS OR UNOFFICIAL PRIVATE VISIT. IN AUGUST, LONGLEY REPORTED THESE FACTS TO USG; AND USG INDICATED THAT UPON LONGLEY'S RETURN TO MOSCOW IN LATE SEPTEMBER, HE SHOULD TRY TO NEGOTIATE PRIVATELY ARRANGED, UNOFFICIAL USG/INDUSTRY VISIT UNDER AUSPICES OF NMTBA.

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PAGE 03 STATE 247189

3) INFORMATION RECEIVED LAST WEEK FROM LONGLEY VIA SATRA IS THAT SOVIETS (REPORTEDLY ZINOVIEV) AGREEABLE TO (1) A VISIT PRIOR TO MID-NOVEMBER AND (2) THE INDUSTRY-GOVERNMENT COMPOSITION OF TEAM, BUT WANT VISIT TO BE REQUESTED FORMALLY THROUGH USG CHANNELS AND NOT PRIVATELY ARRANGED BY SATRA. SATRA ALSO SUGGESTED THE USG RAISE MATTER WITH ZINOVIEV, CHIEF OF POLICY DEPARTMENT,

MINISTRY OF FOREIGN TRADE, DURING HIS RECENT VISIT TO US. THIS WAS DONE ON INFORMAL BASIS BY RAUER MEYER, DIRECTOR, OFFICE OF EXPORT ADMINISTRATION. WHEN APPROACHED, ZINOVIEV, MUCH TO USG SURPRISE, INDICATED HE HAD NO KNOWLEDGE OF PROPOSED VISIT. WHEN THIS INFORMATION WAS TOLD TO SATRA, THEY INDICATED THAT ALL OF LONGLEY'S DISCUSSIONS HAD BEEN WITH MALLINKOFF; BUT THEY WERE SURE THAT ZINOVIEV KNEW OF PROPOSED VISIT. CIRCUMSTANCES DID

OT PERMIT CONCLUSIVE MEYER-ZINOVIEV DISCUSSION, BUT ATTER EXPRESSED HIS UNDERSTANDING OF THE PURPOSE OF THE TRIP AND INDICATED THAT ON HIS RETURN TO MOSCOW HE WOULD RAISE MATTER WITH MALLINKOFF.

4) IN LIGHT OF FOREGOING, UNLESS EMBASSY HAS OBJECTION, IT IS REQUESTED TO APPROACH MFT ON BEHALF OF COMMERCE (BEWT) TO DETERMINE IF SOVIETS STILL AMENDABLE, AND TO ESTABLISH ACCESSIBILITY OF FACILITIES OF INTEREST TO TEAM. EMBASSY MAY DRAW ON THE FIRST PARAGRAPH (ELIMINATING REFERENCE TO COCOM) AND REMAINING SUBSTANCE OF THIS MESSAGE AS APPROPRIATE.

5) PROPOSED COMPOSITION OF TEAM IS AS FOLLOWS, WITH POSSIBLE ADDITION OF DEPARTMENT OF DEFENSE TECHNICIAN.

- MR. JEREMIAH F. KRATZ
- EXPORT POLICY BRANCH
- U.S. ENERGY RESEARCH AND DEVELOPMENT
- ADMINISTRATION (ERDA)
- --HEAD OF TEAM

- DR. RONALD V. MISKELL, SUPERINTENDENT
- NC ENGINEERING DIVISION

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PAGE 04 STATE 247189

- UNION CARBIDE CORPORATION
- --ERDA CONTRACT EMPLOYEE

- MR. JAMES COLE
- OFFICE OF EXPORT ADMINISTRATION
- BUREAU OF EAST-WEST TRADE
- DEPARTMENT OF COMMERCE

- MR. JAMES GRAY, EXECUTIVE OFFICER
- NMTBA

- MR. EDWARD LOEFFLER, TECHNICAL ADVISOR
- NMTBA

- MR. WILLIAM RITTER, VICE PRESIDENT

- INTERNATIONAL SALES
- GIDDINGS AND LEWIS

6) THE FACILITIES THE TEAM WISHES TO VISIT (AND WHICH SATRA WAS TO HAVE GIVEN THE SOVIETS) ARE AS FOLLOWS:

NAME OF PLANT	LOCATION
1. SVERDLOV MACHINE TOOL PLANT	LENINGRAD
2. LENINGRAD ELECTRO-MECHANICAL PLANT	LENINGRAD
3. ENIMS - EXPERIMENTAL SCIENTIFIC RESEARCH INSTITUTE OF METAL CUTTING MACHINE TOOLS	MOSCOW
4. STANKOCONSTRUCTIA PLANT	MOSCOW
5. LVOV MILLING MACHINE WORKS	LVOV
6. ODESSA PRECISION MACHINE TOOL PLANT	ODESSA
7. TOMSK MATHEMATICAL MACHINE WORKS	TOMSK
8. SAVELOVO MACHINE TOOL PLANT	SAVELOVO

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PAGE 05 STATE 247189

7) IN TERMS OF TIMING, IT IS DESIRABLE THAT VISIT BE ARRANGED FOR END OF OCTOBER OR BEGINNING OF NOVEMBER. USG MEMBERS OF TEAM (KRATZ AND MISKELL) ARE REQUIRED TO BE IN PARIS NLT NOVEMBER 17, 1975.

8) ADVISE AS SOON AS POSSIBLE OF SOVIET RESPONSE TO PROPOSAL.

9) IN EVENT SOVIETS RAISE QUESTION OF RECIPROCITY UNDERSTAND NMTBA WOULD BE PREPARED IN PRINCIPLE TO HOST A SOVIET DELEGATION RETURN VISIT. INGERSOLL

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Control Number: n/a
Copy: SINGLE
Draft Date: 17 OCT 1975
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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: GarlanWA
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TAGS: ESTC
To: MOSCOW
Type: TE
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